



Leicester
City Council

**MINUTE
EXTRACT**

Minutes of the Meeting of the
STRATEGIC PLANNING AND REGENERATION SCRUTINY COMMITTEE

Held: WEDNESDAY, 16 JULY 2003 at 5.30pm

P R E S E N T :

Councillor Farmer - Chair
Councillor Thomas - Labour Spokesperson
Councillor O'Brien - Conservative Spokesperson

Councillor Draycott
(for Cllr. Waddington)
Councillor Fitch

Councillor Kitterick
Councillor Ramsdale
(for Cllr. Saleh)

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17. DECLARATIONS OF INTEREST

Members were asked to declare any interests they may have in the business to be discussed and/or indicate that Section 106 of the Local Government Finance Act 1992 applied to them.

Councillor Draycott declared a non-prejudicial interest in Report C, "Affordable Housing in Leicester" as a member of her family was a Council house tenant.

Councillor Thomas declared a non-prejudicial interest in Report B, "Greater Humberstone SRB Programme: Mundella Site Disposal" as he was Ward Councillor for part of the area covered by the SRB programme.

All Members of the Committee declared that they had received letters from organisations in support of Homeworkers Campaign for Change and the Leicester and County Co-operative Development Agency. This was in relation to Report A "Voluntary Sector Budget Reductions".

Councillors Farmer, Fitch and Kitterick also declared that they had been personally lobbied by both organisations also.

21. QUESTIONS, REPRESENTATIONS, STATEMENTS OF CASE

Mr Nick Jewson asked the following question:-

How does the Committee explain that on the 20th May 2003 the Council told the Homeworkers Campaign for Change (HCC) that we had £64.5k funding for the whole of the financial year 2003-2004 but on the 27th June the Council wrote to say that all our funding was immediately revoked?

The Service Director, Regeneration in reply commented that the original letter sent from the Council to the HCC stated the allocation of funding, but didn't indicate that this was subject to the review within the Regeneration Division and agreed this may have been misleading.

Mr Jewson asked a supplementary question noting that the first letter was unclear as admitted and in view of the further payment of £21,000 following a meeting on 5 June with the Council which gave no indication that funding was about to finish, therefore the Council was legally and morally obliged to continue funding the HCC?

The Service Director stated that that Council was not legally obliged to continue funding the HCC and he was unable to comment on the moral implications.

Ms. Liz Dearden asked the following question on behalf of Barbara Bullmore:-

Why has the Council not given the HCC a three-month notice of termination, as laid down in their Grant-Aid contract?

The Head of Economic Development responded by saying that all projects detailed in the report were written to at the end of March stating that their contracts were being extended for four months, which indicated when the contracts were ending.

Ms. Dearden as a supplementary question stated that a phone call on 30 June was the first indication that funding was to cease and a letter was received after that, she considered this to be unreasonable; she also stated that HCC had made plans on the basis of continued funding.

The Head of Economic Development responded by saying that the letter in March indicated that HCC had four months funding to the end of July and that Officers were working with the HCC to investigate other sources of external funding.

Ms. Anna Sexton asked the following question:-

What Criteria were used in making the decision to withdraw the funding from the HCC?

The Head of Economic Development stated that various strategy's and plans which informed the work of the Division such as the EMDA strategy, the Community Plan and the Division's business plan were considered and how each of the organisations contributed to these. Also considered were value for money issues and the Council's need to make sure of effective use of public money. A SWOT analysis was also carried out.

Ms. Sexton in a supplementary question asked whether officers should have discussed the results of the review with HCC giving them a right of reply?

The Head of Economic Development in response stated that the review procedure had been approved by Councillors. The Service Director, Regeneration also commented that the process was as empirical as it could be.

Members of the Committee at this point enquired whether the review of the organisations was carried out with a view to reduce funding. The Service Director, Regeneration confirmed this was the case but as part of a wider review of the whole Regeneration Division.

Ian Pritchard asked the following question:-

Given the drastic decline of the hosiery and textile industry in the City which have traditionally employed tens of thousands of homeworkers, why has the Council withdrawn funding from the one institution in the City that has specific expertise in supporting homeworkers and provided them with re-training?

The Head of Economic Development in reply stated that as part of the assessment of all the organisations, duplication of provision of services was considered. It was felt that there were other organisations which offered the same services that HCC was offering.

Mr. Pritchard as a supplementary question commented that HCC's programme and targets were agreed with a project officer from the Council.

The Head of Economic Development in reply stated that the targets that needed to be followed were informed by the Community Plan which set out a tight framework.

Liz Dearden on behalf of Ann Harkin asked the following question:-

Why have no Council officers or Councillors been to visit the HCC prior to making the decision to totally cut all funding?

The Head of Economic Development stated that Officers from the Council did visit the HCC in November 2002. Officers made a further visit on 5 June of 2003.

Liz Dearden in a supplementary question stated that she was not made aware that the initial meeting which took place in December was the audit meeting which reviewed HCC against set criteria.

Members of the Committee asked if it was made clear at this meeting that it was a review / audit meeting?

The Head of Economic Development stated that it was made clear that £108,000 worth of savings needed to be made.

Members of the Committee also enquired further about the meetings that were held with the organisations and their opportunities to respond to the reviews that took place. The Head of Economic Development stated that feedback couldn't be given initially because the full process needed to be completed. She also stated that Officers were asked to undertake the review of the organisations and make recommendations by which point the budget process needed to be set for the financial year 2003/04.

Statements of Case

Angela Hardy from the Leicester and County Co-operative Development Agency (CDA) made a statement of case, it is briefly outlined below.

- The CDA was concerned that the Council assessed the cost per job created was £8,000, she considered the figure to be £3,000, she commented that the CDA hadn't had a Project Officer recently and maybe this resulted in the incorrect figure.
- The CDA's role was to help start up new enterprises and this required giving long term support.
- She felt job outcomes were difficult to measure as people can attend various schemes which lead to outcomes but not permanent jobs.
- The CDA should score high on job creation because although the figures may be low at the start of an organisation, but they would grow and employ more people.
- Whilst welcoming the post created in the Council for the Social Economy Officer she didn't feel that one person had all the skills to take on all the work that was required.
- Bids had been submitted to the Leicester Shire Economic Partnership (LSEP) and the Neighbourhood Renewal Fund by the CDA but no response had been received from either, it was not felt viable to obtain this funding in a month.
- It would be a very difficult decision about who to make redundant within the CDA
- There was concern at the lack of notice, consultation, it was felt the criteria for the review was not made clear and it was felt the process was too rushed.

Ms. Hardy then read out some letters in support of her organisation.

The Head of Economic Development in reply stated the Service Level Agreement between the Council and the CDA was for the assistance to the creation of Co-operative businesses. She acknowledged that the CDA had met its targets but value for money was where the organisation didn't score highly. The information that was used in the review was taken from previous Service

Level Agreement information. She recognised that the CDA did do good work but felt that questions should be asked why other organisations which were doing the same work as the CDA were not fulfilling their role. The review of the CDA was based around the funding it received from the Council which was to undertake a specific purpose. The Social Economy Officer had already worked well collaboratively with the CDA. The process followed in the review was based on the SRB review process however there were some subjective elements. The contracts for the previous year ran out in March, these were extended for four months and this was made clear to each organisation.

The Service Director, Regeneration also commented that there was LSEP and European Social Fund funding available, the 2004/05 deadlines for bid submission were imminent, he did however concede that there may be difficulties for these organisations until this funding could be accessed.

Liz Dearden – from the Homeworkers Campaign for Change (HCC) then made a Statement of Case on behalf of her organisation.

- She felt the HCC had been treated unreasonably.
- The 20 May letter sent by the Council which stated that money had been allocated to the HCC was crucial and led them to make plans for the forthcoming year.
- There has been a lack of time to look for other funding opportunities.
- The original funding agreement and targets to be met, were drawn up in consultation with a Council Officer, those targets had been met.
- It wasn't clear how the figures in the review document had been arrived at, these should have been discussed with the HCC.
- Users of HCC services were concerned at the cut to funding despite there being alternative service providers, HCC was the only organisation that provided transport and childcare. 80 people were expecting to start courses in September, this will not be possible if the funding is cut.
- The Council was urged to reconsider the decision.

The Head of Economic Development concurred with many of the points made as she'd experienced similar situations in her experience in the voluntary sector. The Division were informed in November of budgetary issues and have needed to address them in a short time. She also noted the Regeneration Division had taken the majority of the cuts proposed as a result of a budget review.

22. VOLUNTARY SECTOR BUDGET REDUCTIONS

The Service Director, Regeneration submitted a report informing the Committee of the audit of voluntary projects supported by the Economic Development Team that was undertaken in December 2002. The report also outlined recommendations for funding for the financial year 2003/04 in light of making savings of £108,000.

The Service Director, Regeneration introduced his report by outlining the context of the voluntary sector budget reductions. He noted the need to make savings of £350,000 from the whole of the regeneration budget, £242,000 of which were taken on by the Regeneration division internally and this included staff redundancies. £108,000 was allocated to the Voluntary sector. He also noted that many officers in the regeneration division were funded by external sources such as SRB. He also stated that the division was bidding for a range of external funding for itself and would assist voluntary sector organisations to do the same. An audit was carried out on each organisation using a set of criteria and recommendations were made following this audit.

Following discussion, the Legal Officer clarified that the Scrutiny Committee's role was to make recommendations to Cabinet and not executive decisions.

At this point the Committee heard the questions and statements of case, details of which are recorded at Minute 21.

Following this the Committee undertook further discussion.

Members of the Committee then discussed the timing of the decision to make the cuts. It was noted that certain members felt the timing of the decisions were inappropriate in view of the political processes that were occurring during the recent months.

Members of the Committee also expressed further concerns about the process that was undertaken. They felt that there should have been the opportunity for organisations under review to have discussed the results of the review with officers and the situation was likened to an employer / employee relationship. Officers needed to ensure that those who were being reviewed fully understood the process and the criteria on which they were being judged. Also queried were the letters sent by officers to the organisations, which it was considered, may have been confusing. There were numerous comments by the Committee about the fairness and timing of the process.

Officers in reply stated that the process was empirical and objective as it was based on the review process set in accordance with SRB guidelines. The right of appeal to the results of any review are not allowed under any other external programme such as the Leicester Shire Economic Partnership therefore it was not felt appropriate in this case. The employer / employee analogy was not accepted as this was a different situation. Officers stated they would review their procedures for this type of review.

Members of the Committee also suggested that if this matter were to be referred to Cabinet, then the Cabinet should be supplied with details of the

other organisations which were able to undertake the work of those organisations which faced a funding reduction.

Committee members felt that when looking at this area consideration should have been given to the full £350,000 budget reduction including the effect on the whole of the regeneration division. Certain Members commented that the Cabinet Link Member for Environment, Regeneration and Development should have been in attendance to discuss these proposals as he had raised no objection to these reductions.

Other Members of the Committee in response stated there were personal reasons why the Cabinet Link Member for Environment, Regeneration and Development was not in attendance. It was also commented that he faced a difficult situation in considering these reductions.

Members of the Committee agreed to the need to make recommendations to Cabinet.

The Chair requested it be minuted that a question he had asked was disallowed. The Legal Adviser stated that the question as originally put would compromise the political impartiality of the officer at who it was directed.

In reply to a further question, the Corporate Director of Environment, Regeneration and Development stated he could consider other ways of funding these budget reductions but was unable at this meeting to give any detail about individual elements of the Department. He also stated it was his responsibility to ensure the Departments budget was balanced and that he would discuss the matter with the Cabinet Link Member in the week following the meeting.

The Committee then considered the issue of funding the organisations until the Cabinet had made a final decision on this matter. Officers commented that continued funding for these organisations would mean measures would need to be taken in the regeneration division which would mean redundancies or service reductions. Members then commented that they felt if the funding to these organisations ceased on 31 July as planned then opportunities of obtaining funding from other sources would become even less likely. The Committee therefore recommended that funding continue until a final decision is made.

The Chair then summed up and made the following recommendations which were agreed.

RESOLVED:

- (1) that this matter be referred to the Cabinet for consideration; and
- (2) that the Corporate Director of Environment, Regeneration and Development in consultation with the Cabinet Link Member for Environment, Regeneration and Development be recommended to consider ways of alternative funding for the organisations proposed for funding reductions and

to request that funding continues until a final decision is made by the Cabinet.